

Message Text

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FM AMEMBASSY KIGALI

TO SECSTATE WASHDC 3597

INFO AMEMBASSY NAIROBI

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E.O. 611652: N/A

SUBJECT: ABS RWANDA

NAIROBI FOR REDSO

REF: KIGALI 415

1. ABS- AS PER REFTTEL, REDSO REPS VISITED RWANDA JULY 14-18 TO PREPARE ABS AND DEVELOP PROJECT PID'S. EXTENSIVE DISCUSSIONS HELD WITH EMB AND APPROPRIATE GOR OFFICIALS, BUT TIMING DID NOT PERMIT DETAILED EMB/REDSO REVIEW PRIOR DEPARTURE. IT THUS AGREED EMB WOULD CABLE ANY REVIEW COMMENTS AID/W AND REDSO/EA.

2. PROJECTS - EMB AGAIN APPRECIATES REDSO PROFESSIONAL ASSISTANCE WITHOUT WHICH THERE WOULD BE NO AID PROGRAM RWANDA. AS USUAL, RECURRING DIFFICULTY FOR MEB, REDSO AND AID/W IS TO IDENTIFY PROJECTS WHICH ARE JUSTIFIED DEVELOPMENTALLY, FALL WITHIN AID PRIORITY AREAS, MEET EMBASSY GOALS AND ARE ACCEPTABLE GOR. REDSO REPS DEVELOPED SOME NEW IDEAS WHICH WARRANT CONSIDERATION. PROJECTS CONFIRMED OR PROPOSED BY REDSO FOR POSSIBLY FY-76 FUNDING INCLUDE FOLLOWING:

A. FSM PROJECT - INCREASE IN CONSTRUCTION AND CAPITAL FUNDING. COMMENT: BELIEVE ANTICIPATED BY ALL CONCERNED.

B. MANPOWER TRNG - NO COMMENT.

C. FARM HAND TOOLS - THIS IS REVISED VERSION PREVIOUS "BLACKSMITH" PROJECT. COMMENT: AMB AGREES WITH OUTLINE

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THIS MODIFIED PROPOSAL FOLLOWING VISIT TO NYABISINDU FORGE,

BUT WITH RESERVATION ON FUNDING TECHNIQUE -- SE PARA 3.

D. SMALL RURAL PROJECT SUPPORT FUND - THIS IS NEW PROJECT DESIGNED REPLACE PROPOSED AG COMMODITY SUPPORT GRANT WITH GOALS BROADENING DEVELOPMENTAL IMPACT AND PROVIDING ADDITIONAL COMMODITY IMPORT POSSIBILITIES. COMMENT: REDSO REPS SUGGESTED RURAL SUPPORT FUND WOULD (A) PROVIDE GREATER FLEXIBILITY IN SUB-PROJECT SELECTION, (B) REFLECT THEIR PESSIMISM THAT \$500,000 USAID-ELIGIBLE AGRI PRODUCTION INPUTS COULD ACTUALLY BE LOCATED AND (C) PROVIDE OPPORTUNITY FOR FUNDING \$100,000 TO \$200,000 LEVEL PROJECTS WHICH ARE APPROPRIATE TO RWANDA BUT INSTITUTIONALLY DIFFICULT FOR AID TO PROCES. THESE PRINCIPLES HAVE MERIT, BUT EMB ALSO CONCERNED ANY DIFFUSION EFFORT FROM FOCUS ON AGRICULTURAL PRODUCTION WHOSE PRIORITY IS SET FORTH DAP SUBSTITUTE. IT ALSO APPEARS INCONGRUOUS THAT RELATIVELY SMALL AMOUNT (\$500,000) OF ELIGIBLE AG INPUT COMMODITIES COULD NOT BE LOCATED OVER, FOR EXAMPLE, TWO-YEAR PERIOD AS RWANDA'S ENTIRE ECONOMY BASED ON AGRICULTURE. (WE ARE AGAIN FACED WITH IRONY THAT RWANDA IS TOMO UNDEVELOPED TO BE DEVELOPED.) NEED FOR CATALYTIC INPUTS SUCH AS IMPROVED SEEDS, FERTILIZER, STORAGE BINS AND AGRONOME EQUIPMENT WOULD BE CANDIDATES. IDENTIFICATION FEASIBLE INPUTS MIGHT BE TASK FOR SMALL AID/W TEAM (1-2 PERSONS) TO EXPLORE FOLLOWING A PROJECT DECISION IN PRINCIPLE. WE ALSO SUSPECT AG COMMODITY SUPPORT GRANT WOULD BE EASIER TO ADMINISTER THAN RURAL PROJECT SUPPORT FUND ALTERNATIVE (PARTICULARLY PROPOSED FUNDING TECHNIQUE - SEE PARA 3).

E. COOPERATIVES - A POSSIBLE COOPERATIVE PROJECT IS LISTED FOR FY-77. EMB ASSUMES INITIAL COOPERATIVE FEASIBILITY SURVEY COULD BE CARRIED OUT THIS FALL.

3. FUNDING TECHNIQUE - FARM HAND TOOL AND SMALL RURAL PROJECTS FUND BOTH PREDICATED ON LOCAL CURRENCY FUNDING THROUGH SALE PL-480 TITLE II CMMODITIES (VEGETABLE IOL AND RICE) WITH FOOD FOR WORK ELEMENT. EMB BELIEVES THIS TECHNIQUE WOULD BE OVERLY-COMPLICATED FOR GOR AND TOO DIFFUCULT FOR EMBASSY ADMINISTER EVEN WITH TDY OR OTHER ASSISTANCE. WE SUSPECT GOR MIGHT ALSO HAVE RESERVATIONS POTENTIAL MARKET FOR SUCH ITEMS AS VEGETABLE OILS AND RICE WOULD NEED STUDY. STRAIGHT GRANTS FOR PROJECTS GIVE LIMITED OFFICIAL USE

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US CLEARER CONTROL AND LEVERAGE IN AVOIDING RWANDAN SHORT-TERM SHIFTS IN EMPHASIS OFTEN BASED ON BUDGETARY STRINGENCY AND MOMENTARY PRESSURES. GOR WOULD ALSO REGARD FUND PSYCHOLOGICALLY AS "ITS" MONEY AND COME TO RESENT OUR ROLE AND PROBABLE "INFLEXIBILITY." IN ADDITION, IT WOULD APPEAR MORE DIFFICULT TO END SUCH A PROJECT AT A FUTURE DATE THAN THROUGH STRAIGHT GRANTS (THREE YEARS IS ABOUT THE MAXIMUM TERM COMMITMENT THAT I BELIEVE WE SHOULD ENVISAGE FOR ANY

PROJECT IN RWANDA).

4. EMBASSY WELCOMES COMMENTS. FRITTS

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